

# HUBZones

*Work for America*





# HUBZone Program Update

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HUBZone Council





# Federal Small Business Set-Aside Programs

## BUSINESS ASSISTANCE PROGRAM

- 8(a) Business Development

## OWNERSHIP-BASED PROGRAMS

- Woman-Owned Small Business
- Service-Disabled Veteran-Owned Business



# Federal Small Business Set-Aside Programs

## ECONOMIC DEVELOPMENT PROGRAM

- Historically Underutilized Business Zone (HUBZone) Program
  - Principal Office Location
  - Employee Residency





# HUBZone Program

## Certification Requirements

- The firm must be a **small business** according to the size standards based on the North American Industry Classification System (NAICS).
- The firm must be at least 51% owned and controlled by **citizens** of the United States (or a community development corporation, an agricultural cooperative, or an Indian tribe).
- The firm's **principal office** (where the greatest number of employees perform their work, excluding contract sites) must be located in a designated HUBZone area.
- At least 35% of the firm's total **employee workforce** must reside in a designated HUBZone area.

**NO FIXED CERTIFICATION PERIOD**

**Must Maintain Requirements to Remain Certified**

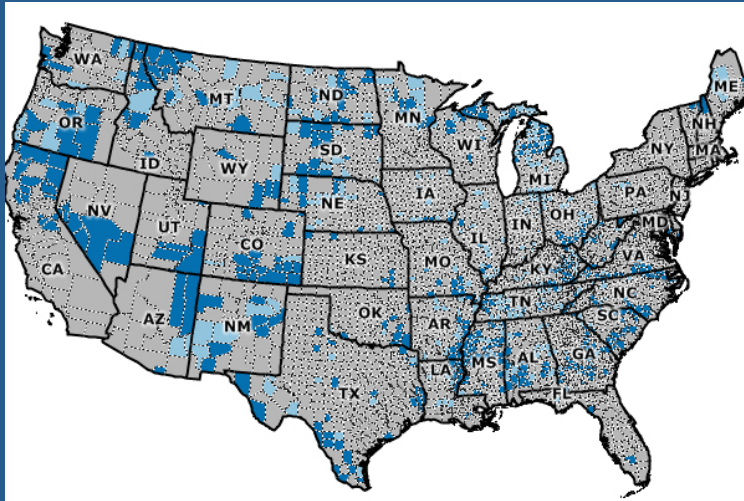
# HUBZone Program Certification Requirements

## Case Study: HUBZone Qualified?

- A small business, based on SBA Size Standards.
- 100% owned by the CEO, a US citizen.
- Principal Office Determination - 10 employees:
  - 4 full-time employees, including the CEO, work in its headquarters office which is not located in a HUBZone.
  - 4 full-time employees, plus 1 part-timer (who works 20 hours per week), work at a call center located in a HUBZone.
  - 1 full-time employee works at a client site.
- Employee Residency
  - 1 headquarters office employee lives in a HUBZone.
  - The part-timer and 2 other call center employees live in a HUBZone.

# HUBZone Map

[sba.gov/hubzone](https://sba.gov/hubzone)



## “Redesignated”

Areas set to expire 3 years from date no longer HUBZone qualified

## Counties (3,243)

24% are Qualified Non-Metro

- 34 redesignated until 2016
- 41 redesignated until 2017
- 141 redesignated until 2018

## Census Tracts (74,130)

25% are HUBZone Qualified

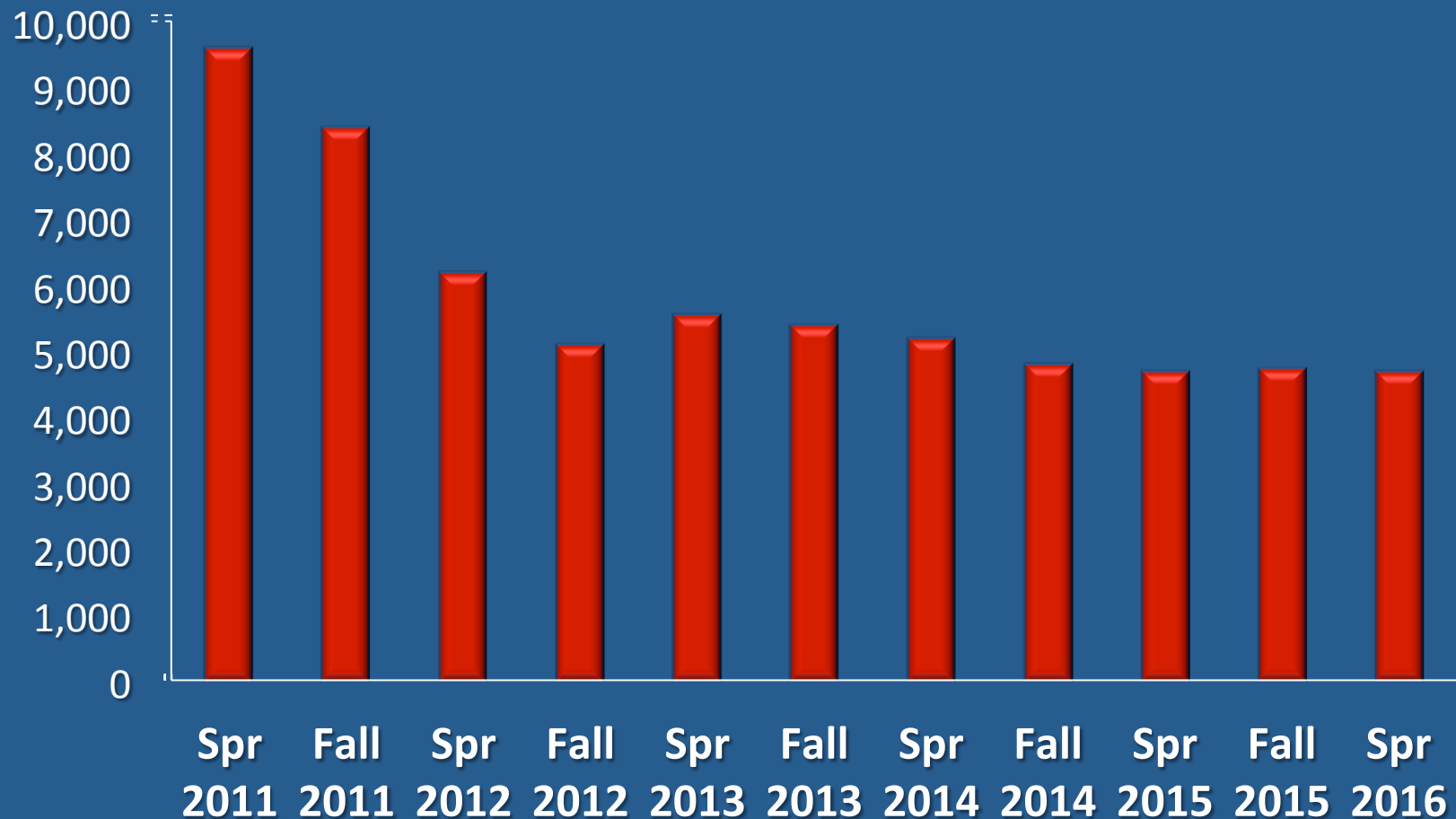
- 917 redesignated until 2018
- 928 redesignated until 2019

Area	Data Type	Updates	Source
Census Tracts		5 Years	Housing & Urban Development
Non-Metro Counties	Unemployment Income DDA Status	Annual	Bureau of Labor Statistics Census Bureau Housing & Urban Development
Indian Land		As Necessary	Bureau of Indian Affairs
Base Closure Areas		As Necessary	Defense



# HUBZone Company Profile

## Number of HUBZone Firms



# HUBZone Company Profile



- About 4,600 Firms
- Industries - Most NAICS Codes
  - Services 45%
  - Construction 35%
  - Manufacturing 12%
  - Research & Development 8%
- Located in All 50 States, DC & Most Off-Shore Territories

# HUBZone Company Profile



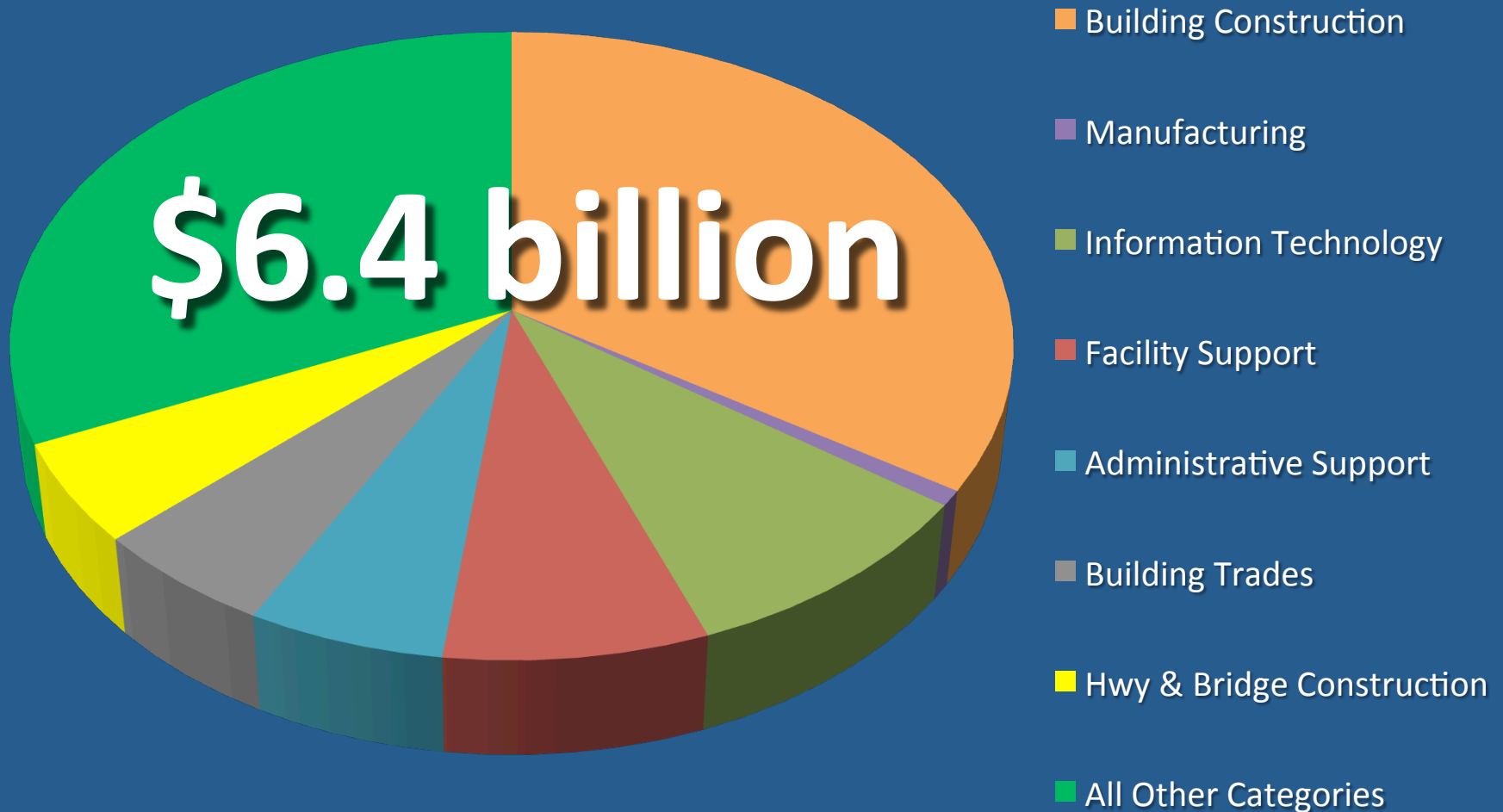
## Characteristics of the Most Successful HUBZone Firms:

- \$2M+ Annual Revenues
- 15+ Employees
- 10+ Years Experience
- Product / Service in Demand
- Government Past Performance



# HUBZone Spending - *Dollars*

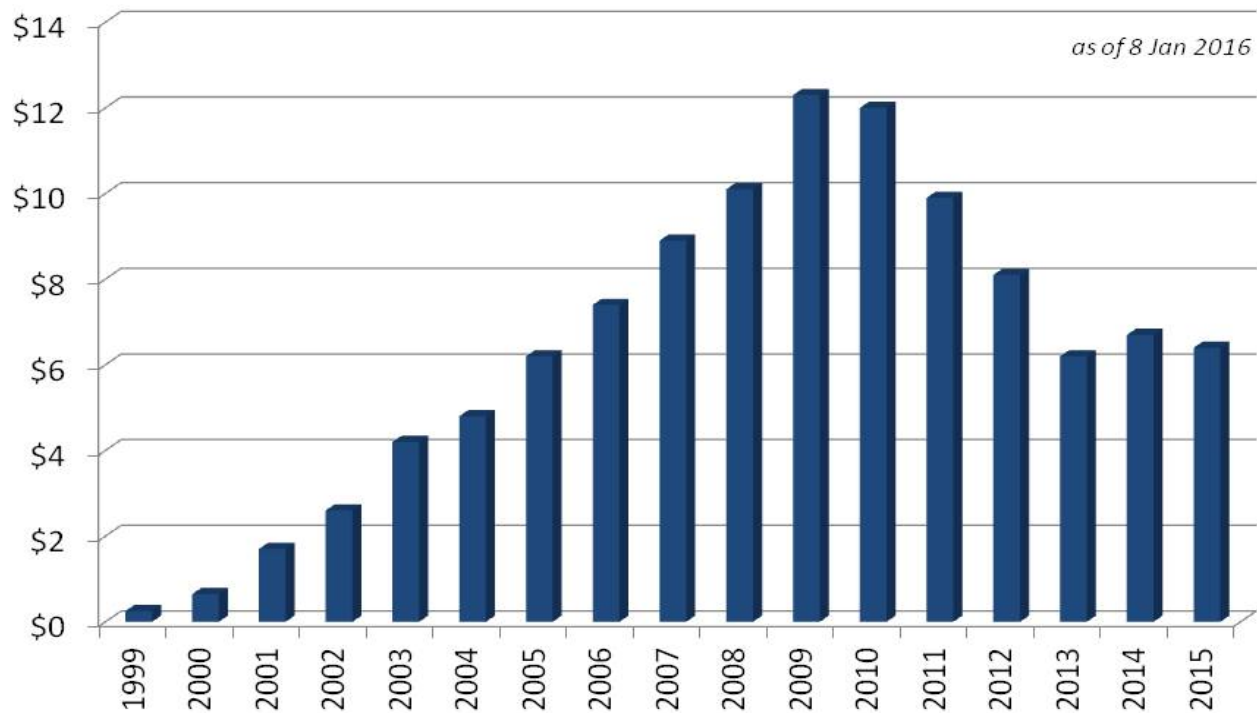
Fiscal 2015 - by General NAICS Category



# HUBZone Spending - *Dollars*

## HUBZONE SPENDING: Fiscal 1999-2015

in billions of dollars *(per smallbusiness.data.gov)*



*Every Dollar Spent on HUBZone Contracts  
Generates Jobs for Those Who Need Them Most*

# HUBZone Spending - Agencies

## Prime HUBZone Contracts - FY15\*

\$6.4 billion = 1.83% of total eligible dollars

Government-Wide HUBZone Spending Goal = 3%

### DOLLAR VOLUME (\$mil) – Top 10 Agencies

- Defense \$4,000
- Homeland Security \$558
- Veterans Affairs \$339
- Agriculture \$186
- Transportation \$167
- General Services Administration \$163
- Health & Human Services \$155
- Interior \$148
- State \$124
- Treasury \$112

### SPENDING PERCENTAGES – HZ Goal Met

- Transportation 10.8%
- Small Business Administration 5.6%
- Smithsonian Institution 5.5%
- Interior 5.3%
- General Services Administration 4.4%
- Treasury 4.1%
- Homeland Security 4.0%
- Securities & Exchange Commission 4.0%
- State 3.2%
- Nuclear Regulatory Commission 3.0%
- Agriculture 3.0%

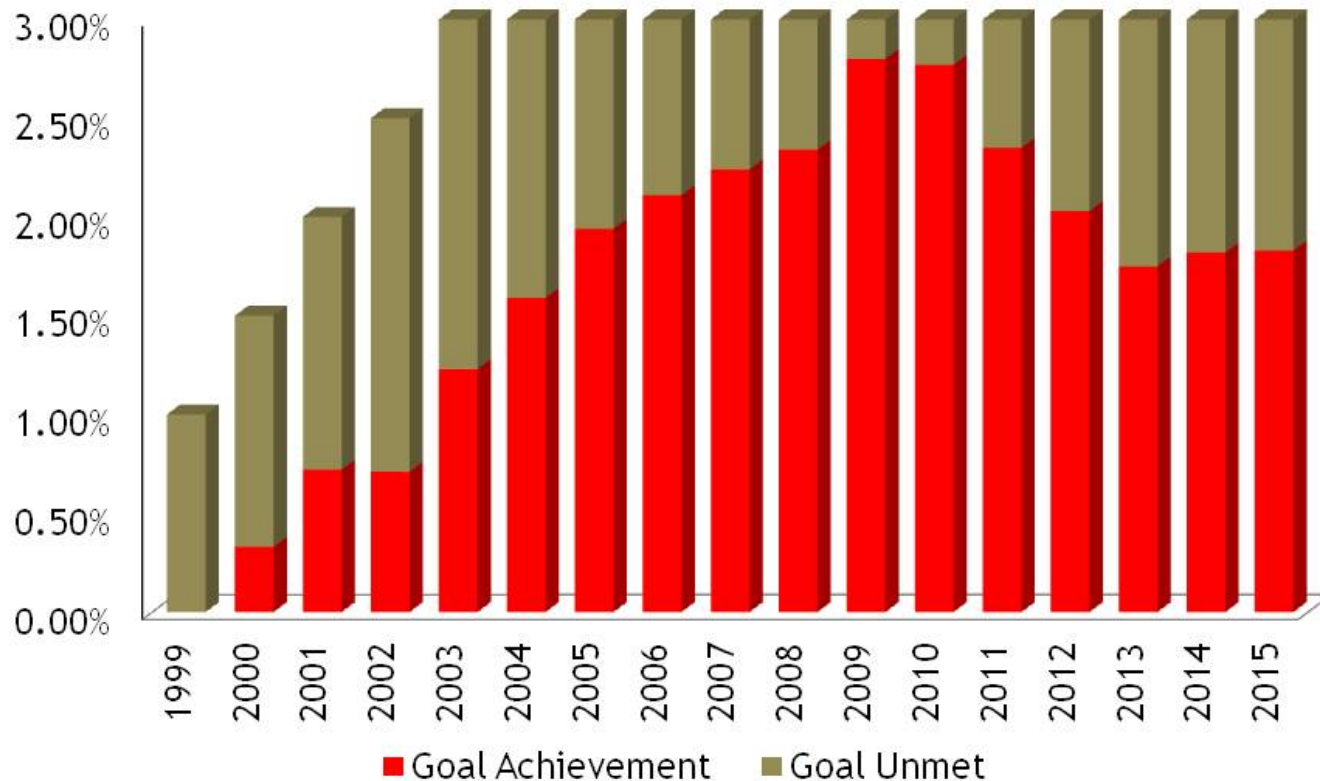
\* Source: [smallbusiness.data.gov](http://smallbusiness.data.gov).



# HUBZone Spending - *Goals*

## HUBZONE SPENDING SCORECARD HISTORY

Percent of Federal Dollars Allocated to HUBZone Contracts  
Compared to HUBZone Spending Goal by Fiscal Year



# A Few Marketing Strategies

- The phone will not ring because you're a HUBZone firm.
- Research the Market.
  - Which agencies buy what you sell?
  - Which are behind on their HUBZone numbers?
  - Which are HUBZone-friendly?
  - Develop relationships: make visits & calls.
  - Use agency small business offices (OSDBU).
- Respond to Sources Sought notices.
  - Can take a lot of staff resources but not a waste of time.
  - HUBZone Rule of Two. (In real life, it's more like 6, 8, or 12.)
  - Join a group to maximize success to generate HUBZone set-asides.
- Pursue Simplified Acquisitions. (FAR Part 13)
  - Build your performance history with direct awards. Quotes not proposals.
  - Micro-Purchase & Sole Source Awards are made for small businesses.
  - FBO 'Combined Synopsis/Solicitation' means time is short.
  - Make the calendar your ally. The best time to pursue is the 4<sup>th</sup> quarter, followed by the 1<sup>st</sup> quarter.
  - SA spending is increasing (\$20B in FY15). [GSA Schedule spending has plateaued.]
  - HUBZone status is your trump card.
- Build relationships with Primes. Most need HUBZone subcontractors.



# Policy Priorities



- Provide More Business Certainty
  - Extend Resignation Period from 3 to 7 Years
  - Encourage Investment in Principal Offices
  - Simplify Residency Requirement
  - Streamline Certification Process
- Modernize Eligibility Formulas
  - Non-Metropolitan Counties - Evaluate Current Formulas
    - Less than 80% of Median Household Income
    - More than 140% of Average Unemployment Rate
  - Qualified Census Tracts
    - Remove QCT Limits in Metropolitan Areas
    - Evaluate Current Formulas (Housing & Urban Development)



# Recent Legislative & Administrative Action



- Base Realignment & Closure (BRAC) Areas
  - HUBZone Qualified for 8 years (increased from 5)
  - Expansion of HUBZone Qualification for Census Tracts and Non-Metropolitan Counties
    - Contain BRACs
    - Intersect with BRACs
    - Contiguous with BRACs
- Subcontracting, Joint Venture & Mentor-Protégé Rules
- Qualified Disaster Areas (in process)
  - Major Disaster Areas - HUBZone Qualified for 5 Years if Area Was Previously Qualified up to 5 Years Prior
  - Catastrophic Incident Areas - HUBZone Qualified for 10 Years if Area Was Previously HUBZone Qualified up to 5 Years Prior

# Recent Legislative & Administrative Action



- Redesignation Period Extension to 7 Yrs
  - S. 2838 - Passed the Senate Committee on Small Business and Entrepreneurship in May 2016.
  - Rep. Delaney (D-MD) Amendment 123 to House Appropriations Bill. Defeated in July 2016.
- Hearings by House Small Business Committee
- Removal of 20% Cap on Qualified Census Tracts in Metropolitan Statistical Areas
  - SBA updated eligibility in March but still not final, except PR.
  - HUBZone Map does not yet reflect changes.
- Improve & Streamline Application Process
  - Expansion of SBA One system expected early 2017

# Economic Impact of HUBZone Program



# HUBZone Success Story



## SYNTELLIGENT ANALYTIC SOLUTIONS, LLC Page County, Virginia

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- Dec 2010 - Founded in Falls Church, VA
- Apr 2012 - Opened HUBZone principal office in Luray, VA with 7 employees
- Sep 2012 - Received HUBZone Certification with 13 employees
- Jul 2016 - 70 employees company-wide
- Current work tied to the HUBZone Program
- Spend close to \$500,000 per year in the HUBZone
- 27 new jobs (5 FT and 22 PT) in the HUBZone
- Additional 6 part-timers have received training and moved to full-time positions with other companies
- Active in the community
- Internship opportunities for students



# HUBZone Success Story



## VETERANS TRADING COMPANY Park City, Utah

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Service-Disabled Veteran-Owned and HUBZone-certified Veterans Trading Company, which actually served as the prime contractor (with Lockheed Martin as the subcontractor) on a \$10.8 million project, has created six new jobs in Ocala, Florida.



The project would not have developed without the firm's HUBZone certification and has led to additional business opportunities with Lockheed and other federal prime contractors.



# HUBZone Success Story



## ECONOMIC DEVELOPMENT DEPARTMENT Leesburg, Virginia

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The Town of Leesburg has leveraged its HUBZone areas to serve as incubators for small companies.



More than 40 companies are participating in the program - and 32 of them are start-ups. More than 20 of them have obtained their HUBZone certification.

And they have created more than 160 new jobs for the town.



# HUBZone Council Mission



## Non-Profit Trade Association

- Strengthen, Improve & Promote the HUBZone Program
- Help HUBZone Companies Maximize Success in Obtaining Federal Contracts
- Support Economic Development & Create Jobs in America's Most Economically-Challenged Communities
- Maintain a Strategic Alliance with the SBA



# HUBZone Council Benefits



## Most Popular Benefits

- Help Desk - Application, Recert, FAR, etc.
- Legal Hotline - Bid Protests, Status Challenges, etc.
- Advocacy Efforts on Capitol Hill
- Classified Opportunities Board
- Webinars, Summits, Conference Discounts



# National HUBZone Conference



October 13-14, 2016 / Chantilly, VA

Match-Making with 85+ Agencies & Primes

Update on New Regulations & Rules

Dozens of Seminars & Workshops

Networking Luncheon & Reception

Awards Luncheon

# HUBZones

*Work for America*

For a Copy of the Slides:  
[info@hubzonecouncil.org](mailto:info@hubzonecouncil.org)

